

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting
Monday, March 16, 2020
Time: 2:00 P.M.
Place: Board Room
29300 Valley Center Road
Valley Center, CA 92082

**PURSUANT TO THE EXECUTIVE ORDER N-25-20 ISSUED BY GOVERNOR NEWSOM
ONE OR MORE BOARD MEMBERS MAY PARTICIPATE IN THE BOARD MEETING VIA TELECONFERENCE.**

The Valley Center Municipal Water District Board of Directors' meeting was called to order by President Polito at 2:00 P.M.

ROLL CALL

Board members present were: Directors Polito, Haskell, Ferro, and Smith with Holtz teleconferencing. Staff members present were: General Manager Arant, General Counsel de Sousa, District Engineer Grabbe, Director of Operations Hoyle, Director of Finance and Administration Pugh, Director of IT Pilve, Manager of Accounting Velasquez, Safety & Regulatory Compliance Supervisor Olson, Project Manager Sandoval and Executive Assistant Johnson. Spectators present were: Nora O'Brien – BBK, and Dave Ross – Valley Roadrunner.

CONSENT CALENDAR

1. Upon motion by Ferro, seconded by Haskell and unanimously carried, the following consent calendar items were approved:

- Minutes of the Board meeting held March 2, 2020
- Audit demand check numbers 156806 through 156919 for February 21, 2020 through March 5, 2020 and wire disbursements for February 2020
- Treasurer's Report for month ending January 31, 2020
- Purchase Order #110609 for four new AMI Base Station Radios from Aqua-Metric

2. Resolution No. 2020-07 Affirming the District's Authoed Debt Limits per Ordinance No. 171, Effective January 1, 2020:

This item was pulled from the consent calendar to answer questions from Director Smith regarding the difference in limit amounts for projects vs. reservoirs, and why some current projects appear to surpass these amounts. General Manager Arant conveyed that the separate amounts were established in the original ballot measure and most likely written to limit sewer projects. He also indicated that replacement of existing facilities are excluded from the limits as are projects built by developers and projects paid for with an assessment district or community facilities district.

Upon motion by Smith, seconded by Ferro and unanimously carried, the following resolution, entitled:

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**RESOLUTION NO. 2020-07
RESOLUTION OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT
AFFIRMING THE DISTRICT'S "AUTHORIZED DEBT LIMIT"
PER ORDINANCE NO. 171 WHICH ESTABLISHED A
LIMITATION ON THE EXPENDITURE OF DISTRICT FUNDS**

was adopted by the following vote, to wit:

AYES: Directors Polito, Haskell, Ferro, Holtz and Smith
NOES: None
ABSENT: None

PUBLIC HEARING

3. Park Circle East/West Development Community Facilities District Public Hearings Continued Until April 20, 2020:

A public hearing to consider establishing the proposed Community Facilities District 2020-1 and incurring a bonded indebtedness for such District, was opened by President Polito at 2:07 p.m.

At the February 18, 2020 meeting, the Board approved a motion finding that the complexity of the proposed CFD required additional time and continued the public hearing until today, March 16th. Staff is now requesting another continuation of the hearing until April 20, 2020.

District Engineer Grabbe described some of the complexities associated with the CFD and the financial security requirements needed to protect the District. Staff and the developer have recently met and have now conceptually resolved the financial requirements. However, additional time is needed to memorialize the resolution with the CFD Funding Agreement. Staff intends to have the Funding Agreement finalized and signed by the Developer prior to the April 20th meeting.

Staff recommended the Board approve a motion finding that the complexity of the proposed CFD continues to require additional time to resolve and that the public hearings be continued to April 20, 2020 to consider establishment of the CFD and the bonded indebtedness.

Upon motion by Ferro, seconded by Haskell and unanimously carried per staff's recommendation, the public hearings were continued to the April 20, 2020 regular board meeting.

PRESENTATION

4. Overview of the Coronavirus Disease (COVID-19) Pandemic Response Plan:

A summary of the District's recently updated Pandemic Response Plan for the Coronavirus was provided by Safety and Regulatory Compliance Supervisor Olson.

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This follows the World Health Organization declaring a pandemic, the Governor's State of Emergency and the President's National Emergency declarations.

The main goal of the plan is to reduce the spread of the disease in order to ensure the continuity of water and wastewater service in the event of a pandemic and to protect the health and safety of District employees. Procedures for ill employees, employee protection measures, the District's communication plan, and critical job functions were identified by Ms. Olson.

Due to the evolving situation, General Manager Arant asked the board to consider providing flexibility to deal with the unprecedented issues arising from the pandemic.

GENERAL COUNSEL'S AGENDA

- 5. General Counsel de Sousa reported that, in response to the pandemic, the Governor issued an Executive Order to loosen the Brown Act requirements to allow teleconferencing by board members from a remote location. However, there must be at least one public area available for public participation in the meeting. Local agencies may make public meetings accessible telephonically, or otherwise electronically, to members of the public. The Governor requests that agencies comply as closely as possible with all other requirements of the Brown Act.

ACTION AGENDA

- 6. **Approval of FY 2019-2020 Budget Amendment and Award of Construction Contract for the West Bear Ridge and Paradise Mountain No. 1 Reservoir Painting and Recoating Project:**

The West Bear Ridge and Paradise Mountain No. 1 Reservoir Painting and Recoating Project consists of the cleaning, remedial repair, interior coating, and exterior painting of each reservoir, reported Project Manager Sandoval.

West Bear Ridge, a 4.3MG aboveground welded steel reservoir, has never been recoated or painted since its construction in 1985. Paradise Mountain No. 1, a 1MG welded steel reservoir constructed in 1969, was last recoated and painted in 2006. Both reservoirs show some evidence of lead based paint on the exterior, therefore, appropriate health and safety precautions will be taken as part of the work.

The engineer's estimate at the time of bid was \$1,205,000; this was based on a 2019 low bid cost from J. Colon Coatings for a project which had a similar scope of work. Due to insufficient staffing, J. Colon did not bid on the new project. The following three bids were received in accordance with formal bidding procedures:

Advanced Industrial Services, Inc.	\$1,639,900
Simpson Sandblasting & Special Coatings, Inc.	\$1,667,668
AMP United, LLC	\$1,803,131

Additional funding, in the amount of \$515,000, is needed for the project budget in order to award the construction contract. This also includes staff time, rafter replacement,

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miscellaneous expenses and a contingency allowance of just over 10 percent. The project is expected to take 125 calendar days to complete.

Staff recommended the Board adopt Resolution No. 2020-09, amending the FY 2019-2020 Annual Budget to authorize additional funding for the West Bear Ridge and Paradise Mountain No. 1 Reservoir Painting and Recoating Project, and awarding the construction contract to Advanced Industrial Services, Inc. for their low bid amount of \$1,639,900.

Upon motion by Ferro, seconded by Smith and unanimously carried, the following resolution, entitled:

**RESOLUTION NO. 2020-09
RESOLUTION OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING THE FY 2019-2020 ANNUAL BUDGET TO AUTHORIZE
ADDITIONAL FUNDING FOR THE WEST BEAR RIDGE AND PARADISE
MOUNTAIN NO.1 RESERVOIR PAINTING AND RECOATING PROJECT
AND AWARD THE CONSTRUCTION CONTRACT
[PROJECT NO. 01-06-78-51305 & 01-06-78-51307]**

was adopted by the following vote, to wit:

**AYES: Directors Polito, Haskell, Ferro, Holtz and Smith
NOES: None
ABSENT: None**

7. Approval of FY 2019-2020 Budget Amendment and Award of Construction Contract for the Jesmond Dene Reservoir Demolition Project:

The Jesmond Dene Reservoir is a 0.42 MG bolted steel reservoir that was moved to its current location in 1970 from the McNally Reservoir site. Following inspection in 2017, staff concluded it had reached the end of its service life and was taken off-line, reported Project Manager Sandoval. The 2.4 MG Kornblum Reservoir can meet the overall storage needs of the Jesmond Dene service zone. A pressure reducing station on site will remain.

The original scope of work consisted of removal and disposal of the reservoir and aboveground piping. Staff increased the scope to include removal and disposal of the concrete ringwall, the oiled sand and gravel below the reservoir, and the AC pavement surrounding the reservoir. It was also modified to include regrading of the site and asphalt removal and repair.

In addition, runoff from the surrounding hillsides does not properly drain and creates ponding on the existing asphalt. Imported fill is required to achieve the 1% designed slope. A catch-basin will capture surface runoff and converge with flows from a perforated subdrain for discharge into an existing concrete channel.

The following six bids were received in accordance with formal bidding procedures:

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DMC Enterprises	\$113,333
RSN Construction	\$128,990
Whillock Contracting	\$136,475
Resource Environmental	\$137,000
A.B. Hashmi, Inc.	\$147,783
M-Rae Engineering, Inc.	\$154,232

The engineer's estimate for the project was \$125,000. DMC Enterprises is the apparent low bidder coming in at 9% less than the engineer's estimate. DMC has confirmed their understanding of the project and has provided excellent references. The contract will allow for 35 calendar days. This project is exempt per CEQA Guidelines, Section 15304.

Sufficient funding to award the demolition contract is not available in the current project budget. An amendment to the budget in the amount of \$65,000 is required as a result of the additional work. Funds are available from the Reservoir Painting and Recoating Projects Reserve.

Staff recommended adopting Resolution No. 2020-10, amending the FY 2019-2020 Annual Budget authorizing an additional \$65,000 for the Jesmond Dene Reservoir Demolition Project and awarding the contract to DMC Enterprises for their low bid amount of \$113,333.

Upon motion by Ferro, seconded by Haskell and unanimously carried, the following resolution, entitled:

**RESOLUTION NO. 2020-10
RESOLUTION OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING THE FY 2019-2020 ANNUAL BUDGET TO AUTHORIZE
ADDITIONAL FUNDING FOR THE JESMOND DENE RESERVOIR DEMOLITION
PROJECT AND AWARD THE CONTRACT FOR THE RESERVOIR DEMOLITION
[PROJECT NO. 01-06-78-51302]**

was adopted by the following vote, to wit:

**AYES: Directors Polito, Haskell, Ferro, Holtz and Smith
NOES: None
ABSENT: None**

8. Resolution Approving the District's Statement of Investment Policy and Renewing the Authority Delegated to the Treasurer:

Review of the District's investment policy by the Board of Directors is required annually by Government Code Section 53646(a)(2) and Administrative Code Section 50.1(j). In addition, Government Code Section 53607 requires the delegation of investment authority be reconfirmed by the Board annually.

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The mission of the investment policy is to provide maximum security with a market rate of return while meeting the daily cash flow demand of the entity, and conforming to all state and local statutes governing the investment of public funds, reported Finance Director Pugh. The District's priority objectives are: 1) the safety and preservation of capital; 2) the liquidity to meet cash flow requirements, and 3) an investment yield at least equal to the market rate of return. Investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

The current performance measurement standard is based on the average rate of return on a one-year U.S. Treasury Bond. Staff is considering a change in this measurement that better aligns with its investment choices.

Staff recommended adoption of Resolution No. 2020-08 approving the current District Statement of Investment Policy without change, and renewing the delegation of investment authority to the Treasurer, who is the Director of Finance.

Upon motion by Haskell, seconded by Smith and unanimously carried, the following resolution, entitled:

RESOLUTION NO. 2020-08

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
TO APPROVE THE STATEMENT OF INVESTMENT POLICY
AND TO RENEW THE DELEGATION OF INVESTMENT AUTHORITY
TO THE TREASURER OF THE DISTRICT**

was adopted by the following vote, to wit:

**AYES: Directors Polito, Haskell, Ferro, Holtz and Smith
NOES: None
ABSENT: None**

GENERAL MANAGER'S AGENDA

9. San Diego County Water Authority's Board of Directors Meeting:

General Manager Arant reported on the following items from the SDCWA Board of Directors' meeting held on February 27, 2020:

- The Water Authority unilaterally dismissed portions of the lawsuit against Metropolitan.
- Pipeline 5 (raw water) is exhibiting similar failures to that of Pipeline 4. This should not affect District customers.
- A special Board meeting was held March 12th on the Regional Conveyance Study. As ratepayer protection, it is the duty of the Water Authority to look at all transportation options. This is the fourth time this is being studied and was previously judged to be not cost effective each time. It would not add any new supply or capacity to the Colorado River Aqueduct but would only convey the water

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currently flowing through it. A possible new alignment and refined cost estimates over the previous studies were presented along with the potential for partnerships with other entities. The SDCWA Board will decide in June if the study should be continued.

10. Miscellaneous:

The following miscellaneous items were reviewed:

- January 2020 District Status Report was provided.
- The next board meeting will likely be in a Web-X format to promote social distancing during the pandemic event.

No closed session was held.

ADJOURNMENT

11. Upon motion by Haskell, seconded by Smith and unanimously carried, the regular meeting of the Board of Directors was adjourned at 3:59 p.m.

ATTEST:

President

ATTEST:

Secretary

Approved at a regular meeting of the Board of Directors on April 6, 2020